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# How Would Spending on Children Be Affected by the Proposed 2018 Budget?

## A Kids' Share Analysis of the President's 2018 Budget

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**In May 2017, the Trump administration released its proposed 2018 budget, which sets spending priorities for 2018 with projections through 2027. If fully adopted, the administration's 2018 budget would reduce federal outlays by a cumulative $4.2 trillion over 10 years, according to the Congressional Budget Office. A reduction of this magnitude would obviously affect federal spending on children. But by how much? And in what areas and programs? And how would spending on children fare when compared to defense, Social Security, and other major budget priorities?**

This brief builds off the Urban Institute's *Kids' Share* series of reports to analyze the effects of the proposed budget on federal spending on children. The annual *Kids' Share* reports track government spending each year and project spending 10 years into the future, assuming no changes to current law. This brief addresses how these 10-year projections of federal spending on children would change if the president's proposed 2018 budget were enacted.

## Results at a Glance

If the Trump administration's 2018 budget were to be fully adopted, federal spending on children would be at least 9 percent lower over the 10-year budget window compared with projections under current law. The largest proportional cuts would be to spending on education programs, which would be reduced by 15 percent below baseline spending projections for 2018–27. Health spending on children would be reduced by 10 percent, child-related nutrition spending by 9 percent, child-related income security spending by 3 percent, and a residual category of other spending on children by 15 percent. These estimates are conservative because they do not include the full effects of the administration's proposal to reduce spending on nondefense discretionary (NDD) programs or its proposal to repeal and replace the Affordable Care Act (ACA).

The cumulative 10-year cut in federal spending on children of $376 billion relative to spending projected under current law would include changes to the following programs:

- A $148 billion (12 percent) reduction in Medicaid spending on children over 2018–27, before counting the proposal to repeal and replace the Affordable Care Act.
- A $59 billion (20 percent) reduction in federal Supplemental Nutrition Assistance Program (SNAP) spending on children over the same 10 years, reflecting a requirement that states pay a portion of benefit costs and several other policy changes.
- A $35 billion (74 percent) cut in funding for school improvement programs, including the elimination of several programs, such as 21st Century Community Learning Centers, and reductions in others. In addition, the president's budget proposes a $13 billion (9 percent) reduction for special education, a $12 billion (7 percent) reduction for Title I, and a $10 billion (10 percent) reduction for other federal education programs.
- An $18 billion (17 percent) reduction in funding for Head Start, a $12 billion (13 percent) reduction for the children's share of housing assistance, and cuts to many other children's programs. The Low Income Home Energy Assistance Program and the Social Services Block Grant program, which provide significant assistance to children, would be eliminated completely.

In addition to these specified reductions, the president's budget proposes unspecified cuts to bring NDD spending below certain targets. The total reduction in children's spending would be even higher—$446 billion (or 10 percent)—if we assume the unspecified cuts to NDD spending would apply uniformly across all areas, including children's programs. This reduction in funding for children's programs might be implemented through across-the-board cuts or the elimination of selected programs that are funded through annual appropriations.

A comparison of spending in 2017 and 2027 is instructive. The administration's budget proposes total annual federal spending that is $700 billion higher in 2027 than in 2017, in inflation-adjusted dollars. None of this increase would go to children, who would see an 11 percent reduction in real spending in 2027 compared with 2017. Projected increases would go toward mandatory spending, specifically Social Security, Medicare, and interest payments on the debt. Spending in most other areas would fall, with particularly sharp declines in discretionary, or appropriated, nondefense programs.

The estimates in this brief assume full implementation of the president's 2018 budget and related policies over a 10-year period (2018–27) and are based on the Congressional Budget Office's analysis of the budget and the authors' estimates of which federal programs benefit children and the share of spending in each program that goes to children.

# Introduction

In May 2017, the Office of Management and Budget released a proposed budget for fiscal year 2018, setting the Trump administration's proposed spending priorities and related policies over the next 10 years.[1] The budget would reduce federal outlays by a cumulative $4.2 trillion over 10 years, according to the Congressional Budget Office (CBO 2017a).[2] Nearly a third of these savings would come from repealing and replacing the Affordable Care Act. Other spending reductions would come from proposed policy changes to Medicaid, SNAP, and other mandatory or entitlement spending. Finally, the budget reduces spending through its proposed levels for discretionary spending, programs subject to annual appropriations by Congress.

The budget proposes to fund nondefense discretionary (NDD) spending below the spending caps set in the Budget Control Act of 2011, as amended. NDD spending funds a broad array of programs, including education and training, public health and research, environmental protection, international affairs, and other priorities. The proposed decreases would focus on international affairs, education, job training and social services, and discretionary health programs, as well as additional unspecified cuts. Regular defense spending is proposed at higher levels than under the Budget Control Act caps, although this increase is offset by assumed reductions in overseas contingency operations, which primarily fund wars in Iraq, Afghanistan, and related areas.

The president's proposed budget is unlikely to be adopted in total. During the first months of fiscal year 2018 (which began on October 1, 2017), discretionary programs were funded under a continuing resolution that generally maintains 2017 funding levels. Congress did not enact legislation to repeal and replace the Affordable Care Act. In other areas, the concurrent budget resolution adopted by Congress in late October 2017 calls for even larger savings than the president's budget.[3] Even so, it is important to analyze the effects of the president's budget under the assumption it is adopted in total, as it is a guiding document for the appropriations process and signals the administration's priorities. Our analysis focuses on the administration's priorities regarding children.

Spending on children has not always received priority in the federal budget. In recent years, about 10 percent of the federal budget has been spent on children through federal programs such as Medicaid and school lunch and through refundable tax credits such as the earned income tax credit (Isaacs et al. 2017). This spending supports children's healthy development, helping ensure that they are fed, housed, in good health, and able to grow to their full potential.

With proposed reductions of $4.2 trillion over 10 years, the administration's proposed budget obviously affects federal spending on children. But by how much? And in what areas and programs? And how would spending on children fare when compared to defense, Social Security, and other major budget priorities?

## Methods

To address these questions, this analysis compares projections of federal spending on children under current law (baseline spending) with projections that assume the president's proposed 2018 budget were enacted in full. To estimate federal spending on children, we follow the methods laid out in the latest edition of the Urban Institute's annual *Kids' Share* report regarding which programs aid children or their households and the share of each program's spending that goes to children (Isaacs et al. 2017; Ovalle et al. 2017). As in *Kids' Share*, we define children as people from birth through age 18. We focus on federal outlays, that is, spending from federal programs and the refundable portions of tax credits, and do not include the tax expenditure analyses found in other *Kids' Share* reports.[4]

We apply the *Kids' Share* methods to two sets of federal spending projections prepared by the Congressional Budget Office. For current law projections, we rely on CBO's baseline projections, which generally assume the continuation of current law. For discretionary programs, CBO's baseline assumes that caps on discretionary spending will remain in place through 2021 and grow with inflation thereafter (CBO 2017b).[5] For the president's proposal, we use CBO's *An Analysis of the President's 2018 Budget* (CBO 2017a), which provides estimates of the administration's proposals based on CBO's economic projections, estimating models, and assumptions about how policies will be implemented.

### CAVEATS

Ten-year projections provide a useful estimate of what may happen, but they rely on many different assumptions, both economic and technical, and thus are subject to uncertainty. Two caveats are worth noting:

- The president's budget is a blueprint, not a detailed piece of legislation, and not all proposals are presented with sufficient detail to model program effects. Most notably, two large sources of savings—the proposal to save $1.25 trillion by repealing and replacing the ACA and the proposal to save $609 billion in unspecified cuts to a broad set of NDD programs—lack such detail. Our analysis highlights how incorporating these proposals would change our findings.
- We made the simplifying assumption that if 25 percent of a program's spending went to children under current law, 25 percent of its spending would continue to go to children under the president's budget, and thus 25 percent of any decrease or increase was directed toward children. Although there are a few cases where proposed policies may disproportionately target certain age groups, changing this assumption would not substantially affect our overall results.[6]

BOX 1

**Additional Analyses of How Families Are Affected by the Administration's Budget Proposals**

Two recent Urban Institute analyses provide complementary information about the effect of budget proposals on families with children. Waxman and Giannarelli (2017) go beyond dollar estimates and report that 20 percent of families would lose resources if the administration's proposed changes to key cash, nutrition, and housing safety net programs were fully implemented in 2018, including cuts in nondefense discretionary spending. Tabulations from that analysis suggest 30 percent of families with children would be affected, even before counting the full array of spending reductions, including reductions in education and health, reviewed here. Maag and Isaacs (2017) examine the Tax Cut and Jobs Act of 2017 and find that very few tax reform provisions are targeted at families with children. Their analysis focused on the House and Senate versions of tax reform, which were estimated to reduce tax revenue by nearly $1.5 trillion over the 10-year projection period. They did not analyze the deficit-neutral tax reform proposal contained in the administration's budget because it was not specified in sufficient detail to be analyzed.

# Effect of Proposed 2018 Budget on Spending on Children

Federal spending on children would fall by 9 percent over 2018–27, compared with projections under current law, if the proposals and policies specified in the Trump administration's 2018 budget were fully enacted. Reductions would range from 15 percent in federal education spending to 3 percent in child-related income security, with health spending on children reduced by 10 percent, child-related nutrition spending by 9 percent, and a residual category of other spending on children that includes housing, social services, early care and education, and training reduced by 15 percent (see table 1). Proposed reductions are larger for some specific programs within these broad areas, as detailed below.

In addition, the administration's budget would cut discretionary spending on children by another $70 billion over the next decade, if one assumes that $609 billion in unspecified cuts in NDD spending are uniformly spread across children's spending and other priorities. These reductions would only affect discretionary spending programs, which are subject to annual appropriations, and thus would disproportionately affect education, early education and care, social services, housing, and training programs. With these additional cuts, total spending on children would fall by 10 percent over the projection period rather than 9 percent (see table 1).

TABLE 1

**Effects of the President's 2018 Budget on 10-Year Projections of Spending on Children, by Category**

*Billions of nominal dollars, except where noted*

| | Baseline spending, 2018–27 | Proposed spending cuts, 2018–27 | Change |
|---|---|---|---|
| Education | 458 | -70 | -15% |
| Health[a] | 1,407 | -140 | -10% |
| Nutrition | 638 | -60 | -9% |
| Income security | 1,456 | -45 | -3% |
| Other[b] | 401 | -61 | -15% |
| **Subtotal** | **4,359** | **-376** | **-9%** |
| Children's share of unspecified cuts in NDD spending | N/A | -70 | N/A |
| **Total** | **4,359** | **-446** | **-10%** |

**Sources:** Author's estimates based on the Congressional Budget Office's *An Update to the Budget and Economic Outlook: 2017 to 2027* (Washington, DC: Congressional Budget Office, 2017) and *An Analysis of the President's 2018 Budget* (Washington, DC: Congressional Budget Office, 2017).

**Note:** NDD spending = nondefense discretionary spending.

[a] These estimates do not include the effect of repealing and replacing the Affordable Care Act because there was not sufficient detail to model programmatically.

[b] Includes social services, early education and care, housing, and training programs.

## Proposed Reductions, by Category and Program

### EDUCATION

The largest proportional reductions would be to education programs, where spending would be reduced by $70 billion (15 percent) below baseline spending projections over the 10-year budget projection period. Half of the $70 billion in cuts would be to a set of school improvement programs. Several of these programs would be eliminated, including 21st Century Community Learning Centers, which fund after-school programs for 1.8 million children; mathematics and science partnerships; Native Hawaiian education programs; and Alaska Native education programs. Further school improvement reductions would include cuts in funding to other programs that support professional development for teachers and principals, reductions in class size, technical assistance, and other activities.

In addition, the administration's budget proposes a $13 billion (9 percent) reduction in federal resources for special education, which helps states and local districts provide educational services to children and youth ages 21 and younger with disabilities. The budget also proposes a $12 billion (7 percent) decrease in Title I funds, which provide financial assistance to schools with high percentages of children from low-income families. Other education programs would be cut by $10 billion (10 percent) over the 10-year budget projection period (see table 2). As noted above, unspecified cuts to NDD spending could result in further reductions in education spending, which is heavily reliant on discretionary spending.

TABLE 2

**Effects of the President's 2018 Budget on 10-Year Projections of Education Spending on Children, by Program**

*Billions of nominal dollars, except where noted*

| | Baseline spending, 2018–27 | Proposed spending cuts, 2018–27 | Change |
|---|---|---|---|
| School improvement | 48 | -35 | -74% |
| Special education | 142 | -13 | -9% |
| Title I | 176 | -12 | -7% |
| Other education programs | 93 | -10 | -10% |
| **Total** | **458** | **-70** | **-15%** |

**Sources:** Author's estimates based on the Congressional Budget Office's *An Update to the Budget and Economic Outlook: 2017 to 2027* (Washington, DC: Congressional Budget Office, 2017) and *An Analysis of the President's 2018 Budget* (Washington, DC: Congressional Budget Office, 2017).

## HEALTH

The largest cuts, in absolute dollars, would be to children's health spending, which would be reduced by $140 billion (10 percent) below baseline spending projections over the 10-year budget projection period. This would be driven by a $148 billion reduction in Medicaid spending on health insurance coverage for low- and moderate-income children. The administration proposes $600 billion in unspecified cuts to Medicaid, and we assume that these would affect children and adults uniformly. Savings from Medicaid cuts would be slightly offset by increased funding for early childhood home visiting programs and the proposed reauthorization of the Children's Health Insurance Program (see table 3). The budget also proposes decreases in funding for the Maternal and Child Health Services Block Grant and other programs.

Total reductions in children's health spending are likely to be greater than $140 billion because this estimate does not include the effects of repealing and replacing the ACA, as CBO did not have sufficient detail about the proposal to model programmatic effects. Most of the impact of repealing the premium tax credit and Medicaid spending authorized under the ACA would affect adults, but a portion of the $1.25 trillion cut would affect spending on children as well.

TABLE 3

**Effects of the President's 2018 Budget on 10-Year Projections of Health Spending on Children, by Program**

*Billions of nominal dollars, except where noted*

| | Baseline spending, 2018–27 | Proposed spending cuts, 2018–27 | Change |
|---|---|---|---|
| Medicaid | 1,224 | -148 | -12% |
| Other health | 183 | 8 | 5% |
| **Total** | **1,407** | **-140** | **-10%** |

**Sources:** Author's estimates based on the Congressional Budget Office's *An Update to the Budget and Economic Outlook: 2017 to 2027* (Washington, DC: Congressional Budget Office, 2017) and *An Analysis of the President's 2018 Budget* (Washington, DC: Congressional Budget Office, 2017).

## NUTRITION

Child-related nutrition spending would be reduced by $60 billion, a 9 percent reduction over the 10-year projection period. This would be driven primarily by a $59 billion (20 percent) reduction in funding for SNAP, formerly referred to as food stamps, which provides low-income people and families with monthly benefits to purchase food. Nearly half these savings would come from requiring states to fund a portion (25 percent) of benefits that are currently funded solely by the federal government.[7] The administration proposes several other policy changes, such as requiring states to reinstate three-month time limits on able-bodied adults without dependents who live in a county with unemployment over 10 percent. Although this proposal would have minimal effect on children, most other policy changes would directly affect children, who represent 44 percent of all SNAP recipients (Gray, Fisher, and Lauffer 2016). Waxman and Giannerelli (2017) estimate that 23.4 million households would lose SNAP benefits if the president's budget were fully enacted, with the average household losing $600 per year, or the equivalent of more than two months of benefits. The National School Lunch Program; Women, Infants, and Children; and other child nutrition programs would be funded at close to baseline levels; although Women, Infants, and Children, a discretionary program, might be cut by the unspecified reductions in NDD spending (see table 4).

TABLE 4

**Effects of the President's 2018 Budget on 10-Year Projections of Nutrition Spending on Children, by Program**

*Billions of nominal dollars, except where noted*

| | Baseline spending, 2018–27 | Proposed spending cuts, 2018–27 | Change |
|---|---|---|---|
| SNAP | 292 | -59 | -20% |
| Other nutrition | 346 | -1 | 0% |
| **Total** | **638** | **-60** | **-9%** |

**Sources:** Author's estimates based on the Congressional Budget Office's *An Update to the Budget and Economic Outlook: 2017 to 2027* (Washington, DC: Congressional Budget Office, 2017) and *An Analysis of the President's 2018 Budget* (Washington, DC: Congressional Budget Office, 2017).

**Notes:** SNAP = Supplemental Nutrition Assistance Program.

## INCOME SECURITY

Spending on child-related income security programs, which provide cash benefits or tax credits to boost the incomes of families with children, would be reduced by $45 billion (3 percent) over the 10-year budget projection period. Outlays under the earned income tax credit for low- and moderate-income working families with children would be cut by $22 billion (4 percent) under a proposal that would increase scrutiny of Social Security numbers to ensure that tax credits are not claimed by people not authorized to work in the United States (OMB 2017).[8] Spending on the Temporary Assistance for Needy Families (TANF) program, which funds cash assistance and other services for low-income families with children, would be reduced by $16 billion (12 percent) over the 10-year projection period. This includes a 10 percent reduction in the basic block grant to states and the elimination of the TANF contingency fund, which provides states with supplemental funding in times of high unemployment (see table 5).

Among other changes to income security programs, the administration proposes reduced benefits for multirecipient Supplemental Security Income families. The total effects are relatively small, given the low number of families with more than one disabled member receiving Supplemental Security Income benefits, but reductions per affected family could be quite large—an average of $3,384 annually—and could disproportionately affect families with children (Waxman and Giannerelli 2017). Spending on veterans benefits, which affect children through dependent benefits, also would be reduced, while Social Security survivor and dependent benefits would remain unchanged.

TABLE 5

**Effects of the President's 2018 Budget on 10-Year Projections of Income Security Spending on Children, by Program**

*Billions of nominal dollars, except where noted*

| | Baseline spending, 2018–27 | Proposed spending cuts, 2018–27 | Change |
|---|---|---|---|
| EITC | 581 | -22 | -4% |
| TANF | 132 | -16 | -12% |
| Other income security | 743 | -7 | -1% |
| **Total** | **1,456** | **-45** | **-3%** |

**Sources:** Author's estimates based on the Congressional Budget Office's *An Update to the Budget and Economic Outlook: 2017 to 2027* (Washington, DC: Congressional Budget Office, 2017) and *An Analysis of the President's 2018 Budget* (Washington, DC: Congressional Budget Office, 2017).

**Notes:** EITC = earned income tax credit; TANF = Temporary Assistance for Needy Families.

### OTHER CHILDREN'S PROGRAMS

Spending on a residual category of other children's programs would be cut by $61 billion (15 percent) over the 10-year budget projection period. This includes early care and education (e.g., Head Start), social services (e.g., the Social Services Block Grant), housing (e.g., the Low Income Home Energy Assistance Program and Section 8), and training programs (e.g., YouthBuild grants). The administration proposes eliminating both the Low Income Home Energy Assistance and Social Services Block Grant programs.[9] An Urban Institute analysis estimates that about 7.5 million families would lose heating and cooling assistance with the elimination of the Low Income Home Energy Assistance Program (Waxman and Giannarelli 2017). The Social Services Block Grant is a flexible funding source that allows states to deliver child care and other social services to children and adults (see table 6).

Additionally, the administration proposes reducing funding for Head Start by $18 billion (17 percent) over the 10-year projection period. Head Start is a federal program that supports children's growth and development through early learning and school readiness programs, health services, and family well-being supports. Funding for Section 8, the federal government's main program for helping low-income families and the elderly obtain affordable housing in the private market, would be reduced by $12 billion (13 percent) over the 10-year projection period. All other child-related programs would be reduced by $15 billion (8 percent) over 10 years, including cuts to programs such as YouthBuild grants, Workforce Investment Act Youth Formula grants, and child welfare services.

TABLE 6

**Effects of the President's 2018 Budget on 10-Year Projections of All Other Spending on Children, by Program**

*Billions of nominal dollars, except where noted*

| | Baseline spending, 2018–27 | Proposed spending cuts, 2018–27 | Change |
|---|---|---|---|
| Head Start | 102 | -18 | -17% |
| LIHEAP | 8 | -8 | -97% |
| Section 8 | 88 | -12 | -13% |
| SSBG | 10 | -9 | -96% |
| Other | 194 | -15 | -8% |
| **Total** | **401** | **-61** | **-15%** |

**Sources:** Author's estimates based on the Congressional Budget Office's *An Update to the Budget and Economic Outlook: 2017 to 2027* (Washington, DC: Congressional Budget Office, 2017) and *An Analysis of the President's 2018 Budget* (Washington, DC: Congressional Budget Office, 2017).
**Notes:** LIHEAP = Low Income Home Energy Assistance Program; SSBG = Social Services Block Grant.

Proposed reductions to children's spending would not impact all children's programs or spending categories equally. Under the proposed budget, education and other programs funded by annual appropriations would experience disproportionate decreases, with some discretionary programs eliminated entirely. Some large safety net programs, such as SNAP, Medicaid, and TANF, would also be subject to large spending reductions. However, with the exception of TANF, most spending on income security is relatively protected, perhaps because much of the child-related spending in this area is funded through tax credits and Social Security, programs that are often protected from budget reductions.

## How Does Children's Spending Fare Relative to Other Budget Priorities?

We now shift and compare estimated annual spending at two points in time, 2017 and 2027, to highlight how projected spending on children spending differs from spending on other priorities, namely, other nondefense discretionary spending, defense, Medicare, the adult portions of Social Security and Medicaid, a residual category of other mandatory spending, and interest payments on the debt. As shown in *Kids' Share 2017* and earlier *Kids' Share* reports, children's programs face a budgetary squeeze under current law, as federal expenditures on health and retirement programs and interest payments on the debt increase rapidly and federal expenditures exceed revenues throughout the next decade (Isaacs et al. 2017). In broad strokes, these trends would continue under the president's proposed budget, although the national debt and interest payments on the debt would be somewhat lower than under current law.

The analysis shown in table 7 compares estimated spending in 2017, before any of the administration's proposed changes go into effect, with inflation-adjusted projected spending in 2027, assuming the budget were fully enacted.[10] For reference, table 7 also shows baseline inflation-adjusted outlays in 2027 under current law. This analysis reveals the following takeaways:

- Discretionary spending programs, especially children's discretionary programs and other NDD programs, would see reductions in funding.
- Children's mandatory spending would also see reductions, albeit smaller ones.
- Most other mandatory areas would see increased spending, with dramatic increases in Medicare, Social Security, and payments for interest on the national debt.

### CHILDREN'S SPENDING: MANDATORY AND DISCRETIONARY

Under the president's proposed 2018 budget, mandatory spending on children (e.g., on entitlement and mandatory programs such as Medicaid, SNAP, Social Security, and tax credits) would be 5 percent lower in 2027 than in 2017 after adjusting for inflation (see table 7). Discretionary spending on children in 2027 would be cut more sharply, by 38 percent, if one assumes the unspecified NDD cuts are allocated uniformly across all programs. A 38 percent reduction in spending on education, early care and education, housing, training, and certain discretionary health and nutrition programs would represent a radical change from current spending patterns. (The reduction would be lower, but still dramatic at 24 percent, if the unspecified NDD cuts excluded children's programs.) Combining mandatory and discretionary spending, total spending on children would be 11 percent lower in 2027.

### DISCRETIONARY SPENDING

The president's budget proposes sharp reductions in nondefense discretionary spending across all areas, not just children's programs. These programs, which are subject to annual appropriations by Congress, range from international affairs to highway construction, higher education, environmental protection, and federal administration. Real spending on the non-child portions of NDD would be 38 percent below 2017 levels if the unspecified cuts are allocated uniformly across all programs (and 39 percent if the cuts only affect programs not targeting children).

Defense spending also would remain fairly steady under the proposed 2018 budget, with 2027 levels just $20 billion (3 percent) lower than in 2017.[11] This reflects the net effect of an increase in regular defense spending above the levels specified by Budget Control Act caps and a projected decrease in spending for overseas contingency operations related to military operations in Iraq and Afghanistan.

### MANDATORY SPENDING

Programs where spending is governed by programmatic rules and not constrained by annual appropriations are projected to grow over the next 10 years:

- Proposed spending levels for Medicare and the adult portions of Social Security are 51 percent higher for 2027 than current spending levels. The president's budget would essentially maintain current law spending for these programs, which are projected to grow by $768 billion over the next decade because of the aging of the population, the indexing of Social Security benefits, and economy-wide increases in health care costs.

- Under the president's budget, there would be little growth over the next decade in the adult portions of Medicaid, which provide health insurance to low-income disabled and elderly adults as well as certain low-income parents and childless adults. The administration's proposed reductions in Medicaid spending tend to offset most of the underlying programmatic growth under current law. Note that Medicaid spending (on both the adult and the child portions) would be even lower if the proposal to repeal and replace the ACA had included sufficient detail to model at the program level.
- A category of "other mandatory spending," which includes agriculture subsidies, unemployment compensation, and the adult portions of TANF, SNAP, and veterans benefits, would increase modestly, in part because of the president's proposal to provide mandatory funding for improving infrastructure.

In total, the Trump administration proposes an increase in annual federal outlays of about $700 billion over the next decade, only half as much as the $1.4 trillion in growth assumed in baseline projections. On the revenue side of the ledger, the administration's budget also proposes reductions in revenues, primarily as part of its proposal to repeal and replace the ACA, but these are smaller than reductions in spending. The national debt is projected to continue growing under the Trump administration, albeit more slowly than under baseline, and interest payments on the debt are projected to more than double their current levels.

TABLE 7

**Federal Spending on Children and Other Major Budget Categories if the President's Budget Is Enacted, 2017 and 2027**

*Billions of 2017 dollars, except where noted*

| | 2017 estimate | 2027 proposed | Difference ($) | Difference (%) | 2027 baseline (for reference) |
|---|---|---|---|---|---|
| Children (mandatory) | 305 | 290 | -15 | -5% | 332 |
| Children (discretionary) | 73 | 46 | -27 | -38% | 72 |
| **Children (total)** | **378** | **335** | **-43** | **-11%** | **405** |
| Other NDD spending | 544 | 339 | -205 | -38% | 535 |
| Defense | 586 | 566 | -20 | -3% | 622 |
| Medicaid | 292 | 304 | 12 | 4% | 410 |
| Medicare and Social Security | 1,508 | 2,277 | 768 | 51% | 2,297 |
| Other mandatory | 431 | 455 | 24 | 6% | 485 |
| Interest on the debt | 269 | 596 | 327 | 122% | 670 |
| **Total** | **4,008** | **4,729** | **720** | **18%** | **5,424** |

**Sources:** Author's estimates based on the Congressional Budget Office's *An Update to the Budget and Economic Outlook: 2017 to 2027* (Washington, DC: Congressional Budget Office, 2017) and *An Analysis of the President's 2018 Budget* (Washington, DC: Congressional Budget Office, 2017).

**Notes:** NDD spending = nondefense discretionary spending. Numbers may not sum to totals because of rounding. The president's 2018 budget includes $143 billion in savings in 2027 related to repealing and replacing the Affordable Care Act. These savings are included in calculations of total outlays, but the proposal lacked sufficient detail to model by program and incorporate into the major budget categories above. Three 2027 projections for categories (spending for children, Medicaid, and other mandatory spending, which includes the premium tax credit) would be lower than shown in the table if the $143 billion in savings were distributed across them. Estimates in this table assume the unspecified NDD reductions would be spread uniformly across all programs. If the reductions did not affect children's programs, then children's discretionary spending would be cut by $18 billion (24 percent) and other NDD spending would be cut by $215 billion (39 percent). Children's portions of Medicaid, Social Security (dependent and survivors' benefits) and defense (schools) have been excluded because they are already captured as children's spending.

# Conclusion

If the Trump administration's 2018 budget were to be fully adopted, total federal spending on children would decline. Comparing 2017 spending with 2027 projections, real spending would fall by 11 percent, assuming unspecified cuts to NDD spending affect children's programs. Compared with 2018–27 spending under current law, 2018–27 spending in the administration's budget would be 9 to 10 percent lower over the 10-year budget window, depending on the treatment of the unspecified NDD reductions.

The proposed reductions in spending on children do not reflect a decline in need. The child population is projected to grow from 78.0 million in 2017 to 79.7 million in 2027. Family incomes continue to be unequally distributed, and many children live in families with low to moderate levels of income. Although child poverty rates are lower now than during the Great Recession, nearly one in five children (18 percent in 2016) live in families with income below the federal poverty level, and many of these families rely on SNAP and other nutrition programs to meet their children's nutritional needs. Health care costs continue to rise, and families are struggling to afford health insurance. Need for special education, child care assistance, child welfare services, and disability services is also not projected to decline over the next decade.

Nor do the proposed reductions in spending on children reflect a decline in our national prosperity or an overall contraction in federal spending. Between 2017 and 2027, the economy is projected to grow by 20 percent, from $19.1 trillion to $22.9 trillion, and federal spending under the Trump budget is projected to grow by 18 percent, from $4.0 to $4.7 trillion in real dollars. The administration's budget proposes investing a smaller share of the federal budget, and a smaller share of our national economy, in our nation's children. This shift in priorities means that many essential programs, such as Head Start, SNAP, housing assistance, and Medicaid, would see sharp funding reductions, or in the case of the Low Income Home Energy Assistance Program and the Social Services Block Grant, would be eliminated entirely. It means fewer resources would be spent supporting the development of children during the critical years that shape their ability to reach their full potential as healthy adults and active members of the workforce and civic society.

# Notes

1. All references to years are to federal fiscal years, which run from October 1 to September 30 and are named for the calendar year in which they end.
2. We used the Congressional Budget Office's published report, *An Analysis of the President's 2018 Budget*, as well as the data tables available at "An Analysis of the President's 2018 Budget," Congressional Budget Office, July 13, 2017, https://www.cbo.gov/publication/52846.
3. H.R. Con. Res. 71, 115th Cong. (2017).
4. Additionally, a handful of smaller programs included in *Kids' Share* are omitted from this analysis because of their small size (less than $200 million in funding) and relative complexity. The omitted programs are Safe Routes to Schools, Railroad Retirement, school-based health centers under the Affordable Care Act, Emergency Medical Services for Children, and universal hearing for newborns.
5. We used the Congressional Budget Office's published report, *An Update to the Budget and Economic Outlook: 2017 to 2027*, as well as the data tables available at "An Update to the Budget and Economic Outlook: 2017 to 2027," Congressional Budget Office, June 29, 2017, https://www.cbo.gov/publication/52801.
6. The question of the age distribution of proposed reductions is not relevant for programs that only serve children (education programs or Head Start), are cut in unspecified ways (Medicaid), or are eliminated (the Social Services Block Grant). For multi-age programs with specific policy changes, however, the changes may disproportionately target or protect families with children. In a detailed analysis, Waxman and Giannarelli (2017), use Urban's TRIM3 microsimulation model to estimate the effect of several major budgetary proposals on individuals and families. We drew on unpublished tabulations from this analysis to examine whether our results would differ significantly if we had applied a more refined estimate of the children's share of spending to the president's budget proposals for SNAP, TANF, housing assistance, the Low Income Home Energy Assistance Program, and the Supplemental Security Income program. For three of these programs (TANF, the Low Income Home Energy Assistance Program, and housing assistance), the children's share was essentially the same in baseline and under the president's proposal. However, as discussed in the detailed findings, one of the SNAP proposals disproportionately affects childless adults and the Supplemental Security Income proposal disproportionately affects families with children. Using more refined estimates for these two programs would not, however, have substantially changed our overall results.
7. See SNAP estimates by specific policy at "Mandatory and Receipt Proposals for the Supplemental Nutrition Assistance Program (SNAP) in the FY 2018 President's Budget," Congressional Budget Office, November 15, 2017, https://www.cbo.gov/system/files/115th-congress-2017-2018/dataandtechnicalinformation/52903-snap.pdf. CBO notes that federal savings could be larger than those estimated here if states react to this provision by reducing benefits to limit their costs (as would be allowed under the proposal) or dropping out of the program. On the other hand, the loss in benefits to children would be less than the federal savings to the extent that states fully fund their 25 percent share (CBO 2017a).
8. As noted in box 1, many of the administration's other proposed tax provisions were not specified sufficiently in the budget proposal to be estimated by CBO and the Joint Committee on Taxation.
9. The reductions shown in table 6 are less than 100 percent because of some residual outlays in 2018 and beyond from funding authorized in earlier years.
10. We adjusted all 2027 figures for inflation in the analysis shown in table 7 to make a fair comparison with 2017. In contrast, the six earlier tables used nominal dollars (without inflation adjustments) because they did not involve a comparison of two different points in time; instead, they compared proposed and baseline spending over the same 10-year budget window.
11. Defense spending consists of discretionary outlays, omitting a small amount of mandatory defense spending (included in "other government spending"). Defense spending includes overseas contingency operations, which primarily fund military operations abroad in Iraq and Afghanistan.

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